



Lancashire Enterprise Partnership Limited

Private and Confidential: No (Except Appendix 'C')

Date: Wednesday, 1 May 2019

Lancashire Enterprise Partnership Operational Budget 2018/19 and 2019/20
(Appendices 'A', 'B' and 'C' refer)

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Executive Summary

This report presents a draft outturn of the 2018/19 LEP budget to the Board which is attached at Appendix 'A' and a proposed budget for 2019/20 at Appendix 'B'.

The report also presents an update on the Lancashire Enterprise Partnership's Growing Places Investment Fund which is attached at Appendix 'C' (Exempt)

Recommendation

The Lancashire Enterprise Partnership Board is asked to:

- (i) Consider and approve the draft outturn Lancashire Enterprise Partnership Operational Budget position for 2018/19.
- (ii) Consider and approve the proposed Lancashire Enterprise Partnership Operational Budget position for 2019/20; and
- (iii) Notes the balance statement for the Lancashire Enterprise Partnership's Growing Places Investment Fund.

Background and Advice

This report presents an update on the delivery of the Lancashire Enterprise Partnership's Operational Budget for 2018/19 and a draft outturn position. It also provides a proposed Operational Budget for 2019/20 and a balance statement for the Lancashire Enterprise Partnership's Growing Places Investment Fund.



Operational Budget 2018/19 Draft outturn

At its meeting in February 2019 a revised 2018/19 Operational Budget was approved by the board. The draft outturn Operational Budget for 2018/19 is attached at Appendix 'A'.

Variances

There are a number of areas of expenditure that have failed to spend to profile and an explanation of each is provided below. There have been no over spends in the budget.

An allocation of **£75,000** for additional temporary staffing was not required due to the work being shared between the various parties on the LEP Transition Group.

An underspend of **£27,500** from the £100,000 committed to the production of a Local Industrial Strategy was expected once the costs of procuring Steer had been determined, but this activity will run into the next financial year, with the potential for additional consultancy work already identified. An update on the Local Industrial Strategy is the subject of another report on the agenda.

Whilst progress has been made in determining the options and support for a Lancashire based City of Culture bid, the LEP's commitment of £100,000 to this activity in 2018/19 has not been significantly called upon at this stage. A balance of **£91,912** remains and will be available to match other partner contributions in 2019/20.

£20,000 allocated to Growing Places Evaluation was not commissioned in quarter 4 but is expected to be commissioned in the next financial year.

£250,000 the LEP's contribution to the second phase of Eden feasibility work is awaiting payment but there are ongoing discussions with Lancaster University and other parties regarding the contracting arrangements, procurement and state aid. . These need to be given further consideration before the monies are paid.

£259,926 to support and bring forward development at Samlesbury Enterprise Zone has also not been committed in 2018/19. This budget will be carried forward into 2019/20

The underspend on Marketing and Communication activity has been due to economies on the part of Marketing Lancashire in delivery.

The underspend on the Transition Funding is due to timing issues as spend has been commissioned and the allocation will be spent.

Proposed 2019/20 Operational Budget

The proposed Operational Budget 2019/20 includes provision for new staff. This is the new permanent Chief Executive and a new role of Data Analyst that will be funded 50% through the LEP and 50% through the Department for Education Skills to Support



Lancashire's Pilot Skills and Employment Advisory Panel. This post will initially be for 12 months, dependent on further funding.

The budget line for studies and appraisals represents a continuation of the activity started in the last financial year that is continuing into 2019/20.

The provision made for marketing and communications activity will include the new responsibility of hosting an Annual General Meeting.

The transition budget will be spent on additional capacity to implement the LEP review and contribute to capacity for strengthening and further developing the evidence base, including scope to work jointly with the Lancashire Leaders Group on the Greater Lancashire Plan. This will be subject to a report to the Board in June.

Growing Places Investment Fund

There are currently four live Growing Places schemes which have drawn funds to the value of £5,987,334. There is a further £3,276,977 available to draw under the terms of the loans which includes up to £750,000 that has been made available to support the delivery of a Lancashire Urban Development Fund. An update on the application for an Urban Development Fund is the subject of another report on the agenda. This leaves £ 4,885,796 available to invest.

There are 2 schemes that have been developed and the capital and interest are outstanding. It was anticipated that one of these loans would have been repaid but talks are still ongoing and the other scheme was the subject of an Executive Committee decision whereby we were anticipating a part payment. However talks have moved on and it is now thought that a new proposal will be forthcoming. This will be brought to the Board or the new Urgent Business Procedure for approval in due course.

One scheme has Heads of Terms agreed by the Board with work underway to finalise loan and security documentation, including legal and financial due diligence, with authority delegated to the Interim Director of Growth, Environment and Planning and the Director of Corporate Services for final approval.

There is one scheme in the pipeline totalling £1,500,000.

The interest received from invested funds to date net of costs to support LEP core staff is £147,098 and there is interest due on the outstanding loans of £1,723,749. Details of the loans are attached at Appendix 'C' (Exempt).

List of Background Papers

Paper	Date	Contact/Tel
None		



Reason for inclusion in Part II, if appropriate

Exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972. The report contains information relating to the financial or business affairs of any particular person (including the authority holding that information). It is considered that in all the circumstances of the case the public interest in maintaining the exemption outweighs the public interest in disclosing the information.